



**STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097**

Board of Land and
Natural Resources
State of Hawaii
Honolulu, Hawaii

**ISSUANCE OF A SIXTH NON-EXCLUSIVE RENT-A-CAR CONCESSION
HONOLULU INTERNATIONAL AIRPORT**

OAHU

The Department of Transportation (DOT) proposes to offer a sixth non-exclusive Rent-A-Car Concession (Concession) at Honolulu International Airport on the Island of Oahu to compete with the existing Rent-A-Car Concessions. The following contains a description and summary of some of the major terms and conditions that the DOT anticipates incorporating into the Concession Agreement and companion Premises Lease:

PURPOSE:

To award an Agreement to a qualified Concessionaire submitting the highest bid to operate a sixth non-exclusive Concession at Honolulu International Airport.

LEGAL REFERENCE:

Chapter 102, Hawaii Revised Statutes, as amended.
Chapter 171, Hawaii Revised Statutes, as amended.

LOCATION AND TAX MAP KEY:

Honolulu International Airport, Island of Oahu, Hawaii
1st Division – 1-1-03:Portion of 1

PREMISES:

- At the Commencement of the Premises Lease:
 1. Ready/Return and Baseyard
 - Space HNL-001-101A containing an area of approximately 73,386 square feet
 - Space HNL-001-101C containing an area of approximately 18,769 square feet

2. Counter Spaces

- a. Two counters in Building 310, specific location to be determined.
- b. One counter in Building 332, specific location to be determined.
- c. One counter in Building 339, specific location to be determined.
- d. One counter in Building 341, specific location to be determined.

- During the term of the Agreement:

The DOT may, at the DOT's sole discretion, require or permit the Concessionaire to add additional spaces.

ZONING:

Land Use: Urban
County: Industrial (I-2)

LAND STATUS:

Section 5(a), Hawaii Admission Act – Non-ceded
DHHL 30% entitlement lands: Yes ___ No X

TERM:

The Concession Agreement will be for five years commencing on July 1, 2007 and ending on June 30, 2012. Once bids for the other five on-airport car rental concession agreements at HNL are issued the term will be adjusted so all six concession agreements will be co-terminus.

The Premises Lease will be for ten years commencing on July 1, 2007 and ending on June 30, 2017. Similar to the Concession Agreement, the Premises Lease will be adjusted upon issuance of the Premises Leases for the other five on-airport operators so all six Premises Leases will be co-terminus.

Should the Concessionaire not be a successful bidder for a new Concession Agreement the Premises Lease will terminate and be issued to the new successful bidder who will be responsible for compensating the Concessionaire for any unamortized cost of the leasehold improvements constructed on the Premises.

CONCESSION FEE AND PREMISES RENTAL:

The total annual concession fee established in the Concession Agreement shall be the greater of the following:

- a. Minimum Annual Guaranteed Fee. The minimum annual guaranteed concession fee for each year of the Concession Agreement shall be as set forth in the Concessionaire's Bid Proposal (hereafter the "MAG"), or
- b. Percentage Fee. Ten percent (10%) of the gross receipts of the concession.

The upset minimum annual concession fee shall not be less than EIGHT HUNDRED THOUSAND AND NO/100 DOLLARS (\$800,000.00).

The premises rent under the Premises Lease shall be THREE HUNDRED FIFTY-FIVE THOUSAND FOUR HUNDRED FORTY-EIGHT AND NO/100 DOLLARS (\$355,448.00), which is the product of the square footage of the premises and the applicable rate for car rental use.

DBE GOAL:

No DBE goal has been established at the outset of this Concession. The DOT intends to offer for bid the other five non-exclusive Rent-A-Car Concessions later in the year. Should a DBE goal be established for those concessions, the language of this Concession Agreement shall be amended to match the requirement.

IMPROVEMENTS:

The Concessionaire will be required to invest a minimum total of SEVEN HUNDRED FIFTY THOUSAND AND NO/100 DOLLARS (\$750,000.00) for improvements, store fixtures, and equipment in all of the spaces assigned under the Agreement in accordance with DOT and county building standards.

CHAPTER 343, HRS - ENVIRONMENTAL ASSESSMENT:

The subject land area is covered by Volume 3, Environmental Assessment for the Honolulu International Airport Master Plan Update and Noise Compatibility Program, dated September 1989 and referenced as State Project No. AO1011-03. This Environmental Assessment evaluated the environmental effects of the recommended Airport Development Plan, which was prepared for the State of Hawaii, Department of Transportation, Airports Division by KFC Airport, Inc.

BASIS OF AWARD:

The award of the Agreement will be to the highest responsible bidder, based upon the total amount of the minimum annual guaranteed concession fee bid for the five year term of the Concession Agreement.


REMARKS:

The addition of a sixth non-exclusive on-airport Rent-A-Car concession will provide additional service and choices to travelers arriving at Honolulu International Airport. The issuance of this concession offering has the support of the local car rental industry. The DOT intends to issue new concession agreements for the existing five on-airport Rent-A-Car concessions later this year. The sixth operator will be facing a much larger improvement requirement than the other five, since the area being provided for the sixth Rent-A-Car concession has not been used for this purpose in the past. Given the time involved in constructing such improvements, the industry felt, and DOT agreed, that issuing this concession prior to the others provided the best opportunity for the new operator to compete with the existing operators. There is a provision in the Concession Agreement that should there be significant changes between this Concession Agreement and the other five to be issued later, the language of this agreement shall be changed to match the other five.

RECOMMENDATION:

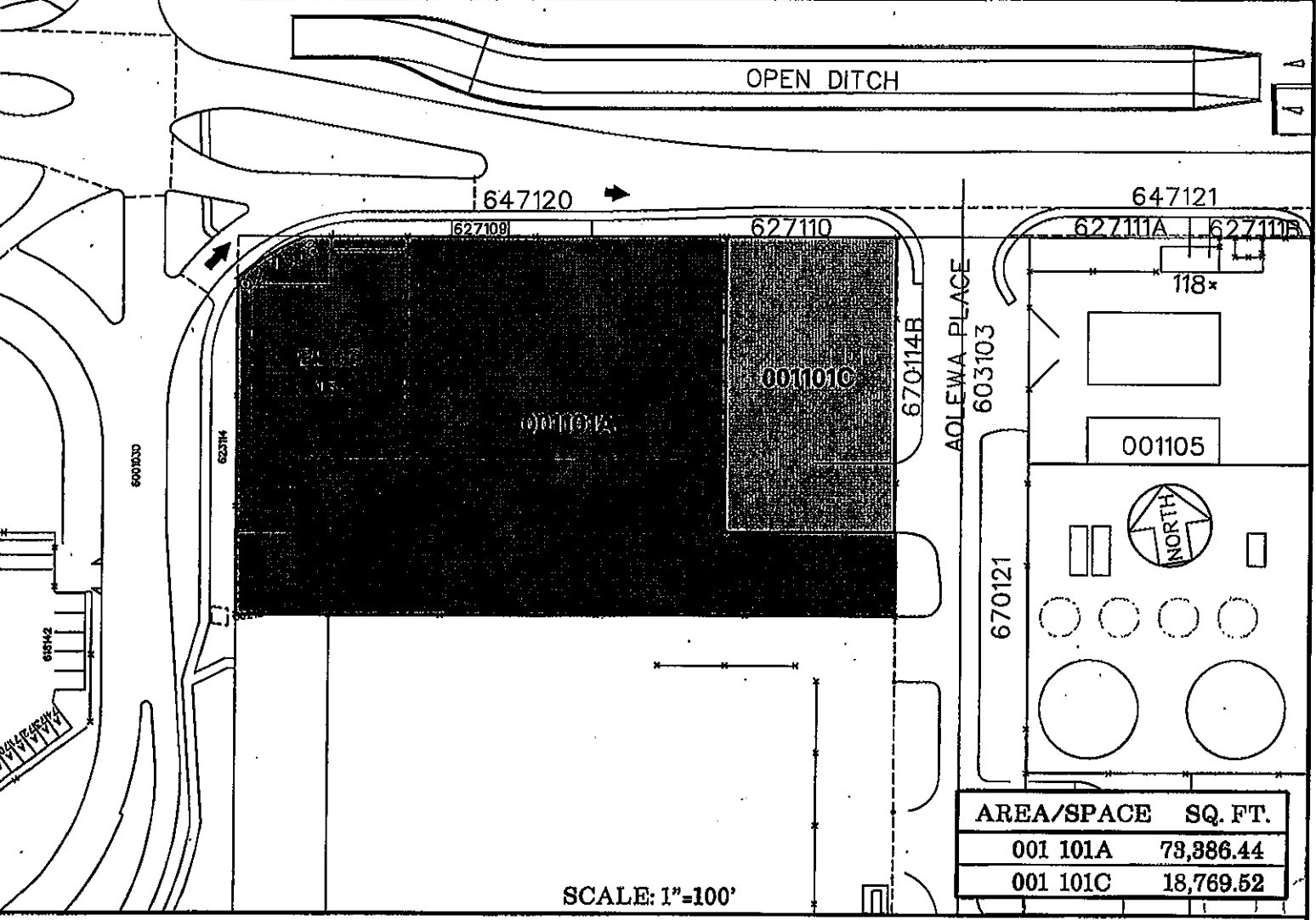
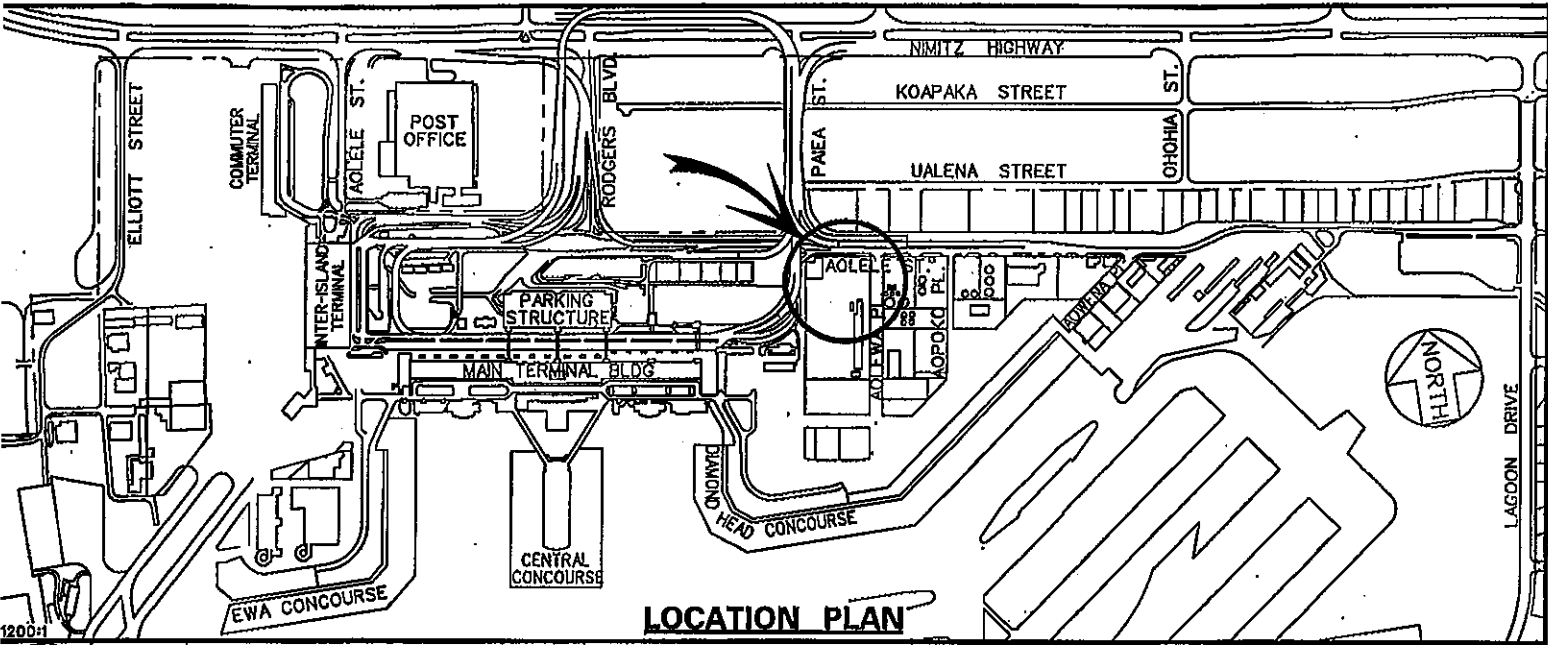
That the Board authorize the call for sealed bid tenders and issuance of a new non-exclusive Rent-A-Car concession subject to: 1) such other terms and conditions as may be prescribed by the Director of Transportation to best serve the interest of the State; 2) review and approval by the Department of the Attorney General.

Respectfully submitted,


BARRY FUKUNAGA
Interim Director of Transportation

APPROVED FOR SUBMITTAL:

PETER T. YOUNG
Chairperson and Member



DATE: DECEMBER 2006

EXHIBIT: **B**



Airports Division

LOTS, OVERSEAS
MAINTENANCE AREA

001101A
001101C
PLAT 25